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350 E. Michigan Avenue, Suite 14

Kalamazoo, MI 49007

p(269) 349-9170

f (269) 349-9271

DATE: March 10, 2015

**To: Chairman Heise, Vice Chair Webber,
Members of the House Criminal Justice
Committee.**

FROM: Linda Teeter, Executive Director

Chairman Heise, Vice Chair Webber and members of the House Criminal Justice Committee, thank you for the opportunity to speak today in support of House Bill 4015.

My name is Linda Teeter and I am here today representing Michigan Citizen Action, a founding member organization of the Michigan Ticket Fairness Coalition. The coalition is made up of consumer advocacy organizations, nonprofits, small businesses and more than 5,000 individual fans across the state.

First and foremost, I would like to reiterate the reason we are all here. We are talking about a dated law that hurts consumers and the free market alike. And there seems to be no evidence that this bill would hurt artists or venues, and their ability to provide profitable, quality entertainment to the public.

We urge you to support this bill because it will allow fans to buy and sell tickets at *fair value, and without worry of being arrested.*

What is “fair value?” At minimum, it is the cost of the ticket, plus any taxes and fees paid.

When fans buy tickets online -- as most do -- there are usually fees associated with that purchase, which are not reflected in the face value price. The problem is, under current Michigan law, anyone wishing to resell their ticket must take a loss on these fees because they can only receive face value in exchange for their ticket.



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I will now describe a recent purchase of Red Wings tickets by a Michigan Citizen Action supporter, which illustrates the problem. If you would like to follow along, please refer to the screenshot provided to you along with my written testimony.

Two Red Wings tickets were purchased on the official NHL Ticket Exchange. These tickets were listed on the exchange for \$40 each. Upon purchasing the tickets, an additional \$10 service charge and \$4.95 shipping and handling fee were added for a total cost of \$94.95.

Once the ticket purchase was processed, the buyer received an email that allowed him to *download* the tickets -- that's right, download the tickets even though there is a *shipping charge*, which is an issue for another day. Once the tickets were downloaded, this person found out that the face value listed on the ticket was only \$27.00.

So, if these were my tickets and I wanted to resell them to one of you right now, the most I could get for them without breaking state law would be \$54.00 -- a \$40 loss. Instead of protecting consumers, Michigan's current law is robbing them. Situations like this are the reason 35 other states have abandoned ticket resale laws that cap ticket resale prices.

In addition to bringing fairness to the secondary ticket market, House Bill 4015 would stop criminalizing normal consumer behavior.

Professor Mark Perry, an economist from U of M Flint, weighed in on this issue in the Detroit News on November 25, 2013 and again in 2014, in the Lansing State Journal.

He put it best, saying that the current law infringes on “a basic economic right — the right as buyers and sellers to engage in voluntary market transactions without unnecessary interference from the government.”

If the intent of the current law is to cap prices at face value, we believe many consumers are unaware of this prohibition and are unintentionally violating state law. One only has to visit Craigslist, StubHub, Seat Geek or Ebay to find hundreds of tickets for sale above the posted price. These out-of-state, electronic transactions are not prosecuted, yet a fan trying to sell their tickets in-person for cost (face value plus fees paid) risks being arrested.

House Bill 4015 will ensure that consumers selling tickets in person have the same rights as they would on the internet.

House Bill 4015 would bring ticket resale out of the shadows.

By opening up Michigan to a growing secondary ticket market, House Bill 4015 offers consumers choice and allows them to negotiate fair transactions through respected secondary sellers that offer consumers redress if they are unhappy with the business.

Websites like TicketsNow, TicketExchange and StubHub will all refund fans who unknowingly buy fraudulent tickets. House Bill 4015 would give consumers who buy and sell tickets face-to-face similar protections because they will also be conducting legal transactions.

And finally, House Bill 4015 would stop wasting law enforcement resources on enforcing an outdated law.

The current ticket resale law is routinely ignored, as evidenced by the thousands of fans who actively and voluntarily buy and sell tickets every day on the secondary market through websites and outside of venues. Michigan law enforcement officers

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have far more important things to worry about than consumers engaging in voluntary transactions that hurt no one.

In closing I would like to reiterate the fact that Michigan's current ticket resale law needs to be repealed, as evidenced by the thousands of people who buy and sell tickets above face value every day.

The current law blocks consumers from recouping the full costs of their purchase and forces sales into the shadows where there are zero consumer protections. I urge you to vote yes on HB 4015 and report the bill to the full House floor.

Thank you.